

Application No. A. 08-05-____
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Witness: Rudshagen, Carmen A.

**PREPARED DIRECT TESTIMONY OF CARMEN RUDSHAGEN ON BEHALF
OF SOUTHERN CALIFORNIA GAS COMPANY CALIFORNIA ALTERNATE
RATES FOR ENERGY PROGRAM PLANS AND BUDGETS FOR PROGRAM
YEARS 2009-2011**

Before the Public Utilities Commission
Of the State of California

May 15, 2008

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1 **I. INTRODUCTION**

2 The purpose of my testimony is to present Southern California Gas Company's
3 ("SoCalGas") California Alternate Rates for Energy ("CARE") program plans and budgets for
4 program years ("PY") 2009 - 2011. I also present proposed modifications to SoCalGas' CARE
5 program plans, enrollment efforts, and recertification processes to demonstrate how SoCalGas'
6 proposed CARE program for PY 2009 - 2011 supports the Commission's goal of enrolling all
7 CARE-eligible customers who wish to participate in the program. This testimony specifically
8 recommends that the Commission grant SoCalGas:

- 9 1. Approval of its PY 2009, PY 2010 and PY 2011 CARE forecasted administrative costs
10 and program plans described in this testimony;
- 11 2. Approval to continue existing CARE program into 2009, using PY 2009 funds should the
12 Commission be delayed in issuing a decision in this proceeding before year-end 2008 and
13 count program achievements toward 2009 accomplishments;
- 14 3. Approval of its proposed process to "automatically qualify" all Section 8 and Public
15 Housing participants for participation in the CARE program and allowing them to enroll
16 through categorical enrollment.;
- 17 4. Authorization to continue to reallocate funding among cost categories;
- 18 5. Authorization to change the recertification period for sub metered facilities and non profit
19 group living facilities and agricultural employee housing facilities from once a year to a
20 two year recertification period; and
- 21 6. Authorization to continue four year recertification process using probability modeling.

22 **II. BACKGROUND**

23 CARE is a low-income ratepayer assistance program providing qualified residential
24 customers and qualifying group living facilities a 20% discount on their monthly energy bill.¹ In
25 addition, those who qualify and are approved within 90 days of starting new natural gas service
26 also receive a \$15 discount on the Service Establishment Charge ("SEC").²

27 In Decision ("D.") 92-12-039, the program was expanded to include eligibility for
28 qualified customers living in non-profit group living facilities. In D. 92-04-024, the program

¹ The CARE program was established through a legislative mandate and was implemented by the Commission in 1989. The CARE program was formerly known as the Low Income Rate Assistance ("LIRA") program; but, the Commission, in D. 94-12-049, changed the name from LIRA to CARE, pursuant to Senate Bill ("SB") 491.

² The SEC discount is applicable to SoCalGas customers only.

1 was further expanded to include eligibility for customers living in non-profit group living
2 facilities, such as women’s shelters and homeless shelters. In D. 95-10-047, the Commission
3 expanded the program to qualified CARE customers living in agricultural employee housing
4 facilities. In D. 05-04-052, the Commission authorized CARE eligibility for customers living in
5 agricultural housing facilities managed by the Office of Migrant Services and other non-profit
6 migrant farm worker housing centers to qualify for the CARE discount.

7 In October 2005, the Commission issued D. 05-10-044, which approved various new
8 initiatives for low-income programs in anticipation of high natural gas prices during the winter of
9 2005 – 2006 (“Winter Initiative”). The Decision revised the CARE program’s income eligibility
10 guidelines from households with incomes at or below 175% of the Federal Poverty Guidelines
11 (“FPG”) to households with incomes at or below 200% of the FPG. D. 05-10-044 also
12 authorized SoCalGas to implement a temporary process to enroll certain prospective CARE-
13 qualified households by telephone from November 1, 2005 through April 30, 2006.³

14 In December 2006, the Commission issued D. 06-12-038 which adopted budgets,
15 policies, and program parameters for the CARE program plans and budgets for the large
16 investor-owned utilities (“IOUs”)⁴ for 2007 and 2008. The decision authorized the following for
17 SoCalGas: 1) categorical eligibility, which allowed customers to qualify for CARE based on
18 their participation in certain state or federal assistance programs, 2) four-year recertification for
19 low-income customers on a fixed income, 3) a process to enroll certain prospective CARE-
20 qualified households by telephone, 4) a process to allow customers to recertify their CARE
21 eligibility by its Interactive Voice Recognition (“IVR”) system, and 5) internet- based CARE
22 enrollment and recertification.

23 **III. CARE PROGRAM GOALS AND BUDGET FOR PY 2009, PY 2010, AND PY 2011**

24 **A. CARE PY 2009 - 2011 Program Goals**

25 As of March 2008, 1,348,714 million customers were enrolled in SoCalGas’ CARE
26 program. SoCalGas projects that participation will continue to increase to 1,364,235 million
27 customers by year-end 2008, which will bring its CARE penetration rate to 79.6% by year-end

³ SoCalGas’ CARE Winter Initiative telephone enrollment process focused on customers who failed to return applications obtained upon request from the call center. The enrollment process also focused on customers who had not responded to SoCalGas’ direct mail campaign that was directed towards households located in geographic areas where a high percentage of income-qualified customers reside.

⁴ The large IOUs consist of SoCalGas, San Diego Gas & Electric Company (“SDG&E”), Pacific Gas & Electric Company (“PG&E”), and Southern California Edison Company (“SCE”).

1 2008. As such, and consistent with the Commission’s goal to enroll all eligible and willing
2 customers into the CARE program, SoCalGas proposes several initiatives in PY 2009 - 2011 to
3 not only encourage CARE enrollment, but also retain eligible customers in the program.
4 Specifically, SoCalGas’ proposed modifications to the CARE program are designed to: 1) offer
5 customers a simple and convenient enrollment process, in order to promote increased program
6 enrollment; 2) facilitate a smooth and seamless recertification process, in order to encourage
7 program retention 3) improve outreach activities, in order to communicate the benefits of the
8 CARE program to a broader array of potential CARE customers; 4) continue to expand
9 coordination efforts with community based organizations (“CBOs”), local governments, school
10 districts, and other organizations, in order to reach the hardest-to-reach customers and further
11 build community awareness about the CARE program.

12 SoCalGas’ enrollment goal for PY 2009 - 2011 is to add approximately 31,000 new
13 CARE customers in 2009, 25,000 in 2010 and 21,000 in 2011. With the projected net enrollment
14 increases, the forecasted CARE penetration rates are 81% in 2009, 82% in 2010, and 83% in
15 2011, based on the estimated total CARE eligible customers in 2008. SoCalGas has established
16 these goals for CARE in an effort to contribute to the Commission’s goal of enrolling 100% of
17 the CARE qualified customers who wish to participate in the program.

18 **B. CARE PY 2009 - 2011 Budget**

19 **1. Budget Discussions**

20 To effectuate its PY 2009 - 2011 CARE program goals, SoCalGas proposes an annual
21 administrative budget of \$6.3 million for PY 2009, \$6.5 million for PY 2010, and \$6.6 million
22 for PY 2011.⁵ The proposed PY 2009 budget reflects an increase of \$1.57 million increase over
23 the PY 2008 budget of \$4.71 million authorized in D.07-06-004.⁶ As discussed herein, this
24 budget increase is needed to fund additional outreach activities and program support that are
25 needed to enhance program awareness, enrollment, and retention. The administrative costs
26 included in SoCalGas’ CARE program budget are not included in base rates and are funded
27 through the Public Purpose Program (“PPP”) surcharge.

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⁵ See Attachment B-1.

⁶ In D. 07-06-044, issued June 7, 2007, the Commission corrected the authorized budget tables of D. 06-12-038 to reflect the SoCalGas’ correct CARE authorized budget.

1 **IV. PROGRAM ADMINISTRATION**

2 CARE program administrative costs are categorized in accordance with the Regulatory
3 Reporting Manual Working Group (“RRMWG”) Report.⁷ The following describes the
4 administration of the program, other than outreach, and any changes or improvements proposed
5 to be implemented in this application based on the categories identified in the CARE guidance
6 document.⁸

7 **A. Processing/Certification/Verification**

8 SoCalGas proposes funding of \$1,173,000, \$1,239,000, and \$1,249,000 for PY2009, PY
9 2010, and PY 2011, respectively, for the Processing/Certification/Verification cost category for
10 the CARE Processing Group labor and application scanning costs. The function of the CARE
11 processing group includes: 1) opening and sorting CARE application forms; 2) processing all
12 CARE applications; 3) initiating and responding to customers’ inquiries regarding CARE
13 applications/program; and 4) tracking CARE enrollment and operating statistics in support of
14 operations, management, and regulatory reporting.

15 With the advent of more customer-friendly and customer-convenient ways of enrolling,
16 recertifying, and processing customers, SoCalGas expects increases in CARE application process
17 time and customer inquiries. The additional funding is needed to hire more personnel to hasten
18 CARE application processing time and call handling. Moreover, because SoCalGas proposes to
19 expand its Third Party Outreach program in PY 2009–2011, the costs for maintaining and
20 tracking records for proper payment to the Capitation and Third Party Outreach agencies will
21 increase.

22 In order to further the Commission’s goal to enroll all willing and eligible CARE
23 customers, SoCalGas is also proposing modifications to its Processing/Certification/Verification
24 procedures to further encourage customer enrollment and customer retention. The proposed
25 modifications are described in detail below.

26 **1. Continuation of Recertification Probability Model**

27 In D. 05-10-044 and D 06-12-038, SoCalGas received authorization for the use of a
28 probability model for CARE Recertification as a pilot program, SoCalGas CARE customers who

⁷ Consistent with the D. 05-04-052 SCG worked with the other utilities to ensure uniformity of how costs are categorized.

⁸ On April 4, 2008, Energy Division issued the Guidance Document for CARE Budget Applications for PY 2009, 2010, and 2011.

1 are evaluated to be more than 85% likely to be CARE eligible are required to recertify their
2 eligibility every four years instead of the regular very two years. The new four-year
3 recertification process has minimized participation barriers, helped retain eligible customers in
4 the program, and improved program effectiveness.

5 In 2007, approximately 298,000 or 52% of the CARE customers who passed the CARE
6 probability model had their CARE eligibility automatically extended for an additional two years.
7 SoCalGas believes that the model is accurately targeting eligible customers and is a useful tool
8 for reducing attrition of potentially eligible CARE customers and seeks Commission
9 authorization to continue using this recertification process.

10 **2. Recertification for Sub metered customers**

11 Currently, sub-metered CARE tenants are required to recertify their eligibility annually.
12 SoCalGas requests Commission authorization to make the CARE program requirements for sub-
13 metered tenants in master-metered facilities consistent with the requirements for individually-
14 metered residential customers, i.e., two years or four years. SoCalGas' proposal will permit sub-
15 metered tenants to recertify their CARE eligibility every two years, except those CARE tenants
16 who are deemed probable for CARE eligibility or on a fixed income⁹ will be required to recertify
17 every four years.¹⁰ Sub-metered CARE tenants who are deemed probable for CARE eligibility
18 will also be exempted from post enrollment verification ("PEV"). This modification is proposed
19 to increase the likelihood that highly eligible sub-metered" tenants remain in the program.
20 Moreover, SoCalGas' proposal furthers the State Legislature's mandate that all utilities provide
21 tenants of sub metered facilities the same CARE enrollment opportunities as individual
22 residential customers.¹¹

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24 //

⁹ In D.06-12-038, the Commission authorized the utilities to recertify fixed income CARE customers every four years (from every two years). The reasoning behind this is that the total income received by households living on fixed incomes (such as those on Social Security, Supplemental Security Income, or Pensions) are unlikely to change significantly over time.

¹⁰ In D.06-12-038, the Commission authorized the utilities to recertify fixed income CARE customers every four years (from every two years). The reasoning behind this is that the total income received by households living on fixed incomes (such as those on Social Security, Supplemental Security Income, or Pensions) are unlikely to change significantly over time.

¹¹ See Assembly Bill ("AB") 2104.

1 **3. Recertification for CARE customers living in non-profit group living**
2 **facilities, agricultural housings, and non-profit migrant farm worker**
3 **housings**

4 SoCalGas also seeks Commission authorization to change the CARE Expansion
5 Program’s¹² recertification requirement for customers living in non-profit group living facilities,
6 agricultural housing, and non-profit migrant farm worker housing, from a one year requirement
7 to a two-year requirement. Most of these housing facilities are well-established community
8 based organizations, and it is uncommon for them to change their missions and services within a
9 year. Thus, a two-year recertification period would facilitate SoCalGas’ efforts to retain these
10 eligible CARE customers, some of whom might not otherwise recertify.

11 **4. Full Service CARE Interactive Voice Response (“IVR”) Telephone**
12 **System**

13 SoCalGas proposes to expand its current recertification IVR process to a full-service
14 CARE IVR system that will allow customers to apply for the CARE program, recertify their
15 eligibility, check CARE status, and have the option to speak with a CARE representative. At
16 present, SoCalGas Customer Service Representatives (“CSR”) in the Customer Contact Center
17 (“CCC”) inform customers about the CARE program when customers either initiate or transfer
18 service, and when customers request bill payment arrangements or extensions. Customers who
19 are interested in the program are mailed a CARE application with pre-printed account
20 information from SoCalGas’ Customer Information System (“CIS”). However, many such
21 customers ultimately do not apply or return the CARE application. To ensure customers actually
22 review and apply for the CARE program, SoCalGas proposes to offer customers the option of
23 transferring to SoCalGas’ CARE IVR system when the customers indicate they may qualify for
24 the program. This option will serve as an immediate “call to action” and decrease the lag time
25 between their call to SoCalGas and receiving the CARE application in the mail.

26 **5. Data Scanning Enhancement**

27 In January 2007, SoCalGas successfully implemented a new in-house data scanning
28 procedure to facilitate the processing of CARE applications. This streamlined procedure
29 replaced an existing manual operation, and introduced new improvements, which include: 1)

¹² The Expansion CARE program provides the 20% CARE discount to qualifying non-profit group living facilities, agricultural housing facilities managed by the Office of Migrant Services and other non-profit migrant farm worker housing centers.

1 electronic imaging of CARE documents, which contributes to a paperless environment and 2)
2 automated capturing of application data for upload to SoCalGas' CIS database for CARE
3 eligibility determinations. SoCalGas has taken a proactive approach to outreach – utilizing bill
4 inserts, direct mailing, and door-to-door canvassing. As a result, fewer CARE applications are
5 generated from SoCalGas' CIS per customer's request. The use of electronic imaging has
6 improved the processing of CARE applications with only a few applications requiring manual
7 validation. To further improve upon its processing of CARE applications, SoCalGas proposes to
8 implement enhancements to the handwriting recognition function of its data scanning system to
9 fully maximize benefits from the data scanning technology.

10 **B. Information Technology (“IT”)/Programming**

11 SoCalGas' Billing System/Programming cost category includes IT costs to maintain
12 CARE functions in SoCalGas' billing system and telephone system, CARE database, system
13 reports, data exchanges with other assistance programs, and to implement system enhancements
14 to comply with regulatory mandates and improve operational efficiencies. Total projected
15 IT/Programming costs are \$489,000 for PY2009, \$506,000 for PY2010, and \$523,000 for
16 PY2011, which reflects a \$110,000 increase in this cost category, compared to the 2008
17 authorized budget of \$ 379,600. As stated earlier in this testimony, the primary reasons for the
18 increases in this cost category are the new program requirements for sub-metered CARE tenants,
19 real-time internet enrollment, full-service CARE IVR, and streamlined enrollment processes.

20 **C. Measurement and Evaluation (“M&E”)**

21 SoCalGas is not proposing any new M&E studies for the CARE program during PY
22 2009–2011. The only M&E study budgeted for PY 2009 - 2011, in the M&E budget category, is
23 the annual IOUs' CARE program eligibility update.¹³ SoCalGas developed the cost for the
24 CARE eligibility update for PY 2009 – 2011, based on the actual study cost of \$15,099 in 2007,
25 and added an upward trend in inflation.¹⁴ Planned costs for PY 2009 - 2011 are \$16,237,
26 \$16,707 and \$17,192 respectively.

27 //

¹³ SCG, and the other large IOU's, used the joint utility methodology adopted by the Commission in D.01-03-028 for developing quarterly and monthly penetration estimates in 2007. This method entails annual estimation of eligibility for CARE, LIEE, and other income-by-household size parameters at the small area (block group, census tract, zip+2, etc.) for each IOU territory and for the state as a whole. D 06-12-038 ordered the utilities to file annual eligibility updates no later than October 15.

¹⁴ Global Insight 4th Quarter 2007 utility cost forecast, released March 2008. Assumptions include increase for PY 2009 - 2011 of 3.4%, 2.9% and 2.9% respectively.

1 **D. Regulatory Compliance**

2 SoCalGas' regulatory compliance costs for PY 2009 - 2011 are expected to be consistent
3 with the authorized PY 2008 budget, after adjustments are made for the assumed inflation factor
4 of 3.4%, and are estimated at \$222,000 for PY 2009, \$230,000 for PY 2010, and \$237,000 for
5 PY 2011. The funding is needed to facilitate SoCalGas' compliance with Commission reporting
6 requirements, support CARE regulatory filings, and respond to data requests from the
7 Commission and other outside agencies and organizations.

8 **E. General Administration**

9 SoCalGas estimates general administration costs of \$567,000, \$586,000, and \$605,000
10 for PY 2009, PY 2010, and PY 2011, respectively. These proposed costs compare to the 2008
11 authorized budget of \$530,000, and are primarily due to an annual inflation assumption of 3.4%.
12 Within this cost category, SoCalGas includes CARE program management personnel, non-labor
13 costs associated with the day-to-day operations of management staff, and additional expenses
14 such market research, training and development expenses. The day-to-day non-labor costs
15 include office supplies, office equipment and maintenance, and business reimbursements.
16 SoCalGas program management personnel are responsible for all aspects of the CARE program,
17 including ensuring that SoCalGas is in full compliance with CARE regulations. As SoCalGas'
18 CARE enrollment approaches 80% of the estimated CARE eligible customers, CARE program
19 management personnel will also manage the implementation of CARE policy changes, as they
20 relate to sub-metered tenants, CARE customer services, and information technology
21 improvements.

22 **F. CPUC Energy Division Staff**

23 The IOUs requested the Energy Division to provide projected PY 2009 - 2011 costs on
24 April 10, 2008. The estimated dollar amounts were provided by the Energy Division on May 5,
25 2008, as a placeholder; however, no details or support were provided to explain the requested
26 budget amounts. SoCalGas has budgeted \$171,500 for PY 2009, \$171,500 for PY 2010 and
27 \$171,500 for PY 2011.

28 **V. OUTREACH**

29 SoCalGas' outreach plan for PY 2009 - 2011 builds on the success of its currently
30 effective outreach strategies, as it modifies SoCalGas' strategy to further access the hard-to-
31 reach, special needs CARE-eligible customers. Because of their unique needs, continued

1 emphasis will be placed on reaching highly eligible customers who can be differentiated as
2 seniors, shut-ins, non-English speakers and disabled. SoCalGas will also investigate more
3 convenient methods to help these customers apply for the CARE program. SoCalGas' proposed
4 outreach plan is based on the cost effective use of multiple communication channels, designed to
5 effectively segment SoCalGas' low-income customers and communicate the program to those
6 identified as most likely to be eligible.

7 SoCalGas' proposed outreach efforts for PY 2009 - 2011 will include the continued use
8 of bill inserts, direct mailing, automated voice messaging ("AVM"), web enrollment, third party
9 door-to-door outreach, the capitation program, grassroots outreach,¹⁵ and mass media. While
10 SoCalGas will continue to market the CARE program to Spanish speakers, Chinese, Korean,
11 Vietnamese, disabled persons, and seniors, SoCalGas will also continue to focus additional
12 emphasis on outreaching the CARE program to low income young adults and the shut-in.

13 As CARE penetration levels continue to increase, SoCalGas must conduct outreach
14 beyond its traditional low-income customer segments in order to reach the remaining non-
15 participating but eligible customers. The traditional methods used to reach hard-to-reach
16 customers may no longer be as successful in reaching these customers, and SoCalGas intends to
17 employ new methods to encourage customer enrollment. SoCalGas program experience
18 indicates that enrolling only new CARE participants will not be sufficient to reach enrollment
19 goals, and retaining current customers in the program will continue to be challenging. During
20 PY 2009 - 2011, SoCalGas will continue to employ existing enrollment strategies (e.g., use of
21 H&R Block, internet, canvassing, and new capitation contractors), explore the reasons for
22 attrition, and devise new approaches for enrolling and retaining eligible customers.

23 SoCalGas is estimating outreach expenditures of \$3,648,000, \$3,755,000, and \$3,786,000
24 for PY 2009, PY 2010, and PY 2011, respectively, compared to the previously authorized PY
25 2008 CARE outreach budget of \$2,626,000. SoCalGas expects that this cost increase will
26 sufficiently support SoCalGas' outreach strategies and enable the program to meet its objective
27 in a cost effective manner. As the CARE-eligible customer pool shrinks with increasing

¹⁵ A technique used to raise overall public awareness of the CARE program and to identify low-income customers who traditionally have not responded to other traditional forms of program outreach. By leveraging relationships with local politicians, CBOs and internal personnel, events are held throughout the service territory to both enroll CARE customers and inform the community of the multiple energy-related assistance programs available to them. Local politicians, along with print, radio and television media, are invited to these outreach events to further expand their effectiveness. Press releases describing the events are also developed and distributed to mass media contacts.

1 program penetration, there is a corresponding increase in the difficulty and associated cost to
2 reach the remaining customers. As such, SoCalGas requests an outreach budget increase to: 1)
3 responsibly address its program needs, 2) achieve its CARE penetration goal of 83%, based on
4 the 2008 total CARE eligible by PY 2011, and 3) continue to deliver outstanding customer
5 service to its hard-to-reach CARE-eligible customers.

6 **1. Marketing Education and Outreach**

7 **a. Bill Inserts and CARE bill messages**

8 Bill inserts continue to be an important and cost-effective communication media to
9 inform approximately 3.5 million non-CARE residential customers in SoCalGas' service
10 territory about the CARE program. Experience indicates that bill inserts are a preferred method
11 for both CARE enrollment and program information. Incorporating CARE messages on
12 customers' bills is a practical way to provide large numbers of residential customers with general
13 information about the program, including their enrollment status.¹⁶ SoCalGas coordinates its bill
14 messages to coincide with other outreach activities such as direct mail, bill inserts and mass
15 media campaigns, in order to provide message reinforcement.

16 In 2007, over 29,000 customers enrolled in the CARE program through bill inserts.
17 SoCalGas plans to continue using three CARE application bill inserts (bilingual
18 English/Spanish), and one CARE Expansion Program information insert for each program year
19 during 2009 - 2011. SoCalGas will continue utilizing various forms of bill messages to promote
20 the CARE program in PY 2009 - 2011. The approximate cost for these CARE bill inserts is
21 \$258,000 for each program year.

22 **b. Direct Mailing**

23 For the past three completed program years, SoCalGas has achieved greater than 9%
24 response rates from its direct mailing campaigns, approximately 7% higher than the industry
25 average.¹⁷ SoCalGas conducted ten separate direct mail campaigns in 2007, consisting of
26 approximately one million pieces directed at eligible non-participating customers. SoCalGas
27 received more than 90,000 returned applications from low-income customers, resulting in
28 approximately 60,000 new CARE enrollments. In 2007, SoCalGas initiated a direct mailing

¹⁶ For example, on a quarterly basis, non-CARE customers receive a special bilingual CARE message (English/Spanish) promoting the program. On their first discounted bill, new CARE customers receive a bill message informing them that they are enrolled in the CARE program and that their natural gas bill reflects a 20% CARE discount.

¹⁷ 2003 Direct Marketing Association study states 2.55% as the average direct mail response rate.

1 campaign specifically focused on non-CARE sub-metered tenants, which produced over 5,300
2 new CARE enrollments.

3 SoCalGas plans to conduct similar levels of direct mailing campaigns for PY 2009 - 2011
4 because of the consistently high response rate, and moderate cost compared to other outreach
5 efforts. Ten campaigns will focus on three separate customer segments including: 1) eligible
6 non-participating customers, 2) customers recently dropped from CARE due to recertification,
7 and 3) customers recently dropped from CARE due to a previously closed account. These
8 campaigns will produce approximately one million pieces of targeted direct mail. SoCalGas will
9 continue to match its direct mail efforts with information provided from their probability to
10 identify customers who demonstrate a high likelihood of being eligible for CARE enrollment.
11 Direct mailing campaigns will focus on both new CARE enrollments and recent attrition based
12 re-enrollments, and will specifically focus on customers in the English, Hispanic, Asian and sub-
13 metered customer segments. The approximate cost for the direct mail cost category is around
14 \$700,000 for each program year.

15 **c. AVM**

16 SoCalGas' use of AVM¹⁸ has proven to be a very cost-effective and efficient method to
17 communicate to CARE-eligible customers. In 2007, over 21,000 customers were enrolled
18 through AVM telephone calls at a cost of less than \$5 per enrollment. SoCalGas plans to expand
19 its use of this outreach strategy during PY 2009 - 2011 to include customer awareness
20 messaging, recertification and re-enrollment, along with self-certification enrollment. During
21 PY 2009 - 2011, SoCalGas plans to contact approximately 700,000 SoCalGas customers
22 annually, regarding the CARE program, using AVM at an estimated cost of \$162,000 for
23 PY2009, and adjusted for inflation at a rate of 2.9% for PY 2010 - 2011.

24 **d. Multi-Language Mass Media**

25 SoCalGas proposes to conduct creative mass media campaigns in multiple languages
26 during the winter and fall periods of the CARE program years, and will employ communication
27 media shown to be effective at reaching eligible CARE customers. The purpose for these
28 campaigns will continue to be driven by both the need to increase CARE participation, as well as
29 general program awareness across SoCalGas' large service territory. Campaigns will focus on

¹⁸ AVM is an automated voice messaging system used by 3rd party vendors on behalf of SoCalGas to call customers and inform them about the CARE program.

1 the general low income market, seniors, Hispanics, Asians and other ethnic customer segments,
2 and will incorporate multiple communication media, including radio, print, and billboards. Mass
3 media messages will contain specific customer “calls to action” directing customers to check
4 their CARE program eligibility, using one or more of SoCalGas’ enrollment options.

5 **e. Capitation Contracts**

6 Thirty-four CBOs enrolled over 8,000 CARE customers in 2007. CBOs continue to play
7 an important role in helping SoCalGas reach out to some of its most needy and hardest-to-reach
8 low-income communities. CBOs, such as Community Action agencies, Catholic Charities, Boys
9 & Girls Clubs of America, and the Salvation Army continue to provide vital services to low-
10 income children and families. Many CBOs serve special community needs for racial and ethnic
11 minorities, seniors, veterans, disabled groups, along with non-English speaking groups like the
12 Hmong, Laotian, and Cambodian communities.

13 To increase CARE penetration among less recognized community groups, SoCalGas
14 plans to proactively search for new CBOs with established relationships with these unique
15 customer segments and encourage the CBOs to participate in SoCalGas’ Capitation program.
16 The approximate cost for this category is \$50,000 per program year.

17 **f. Third Party CARE Outreach Program**

18 Designed to encourage the development of new and innovative outreach tactics,
19 SoCalGas’ third party outreach program produced over 27,000 new CARE enrollments in 2007.
20 This highly successful program focuses on enrolling the hardest-to-reach CARE eligible
21 customers, by contracting the services of professional door-to-door sales organizations to
22 personally communicate the CARE message. SoCalGas believes face-to-face contact is the final
23 push needed to enroll customers who for years have not responded to other less personal
24 outreach tactics. Moreover, this enrollment method is becoming increasingly important in
25 SoCalGas’ CARE strategy, as program penetration nears 80% and more traditional methods are
26 showing a decline in effectiveness (see attachment B-1). Accordingly, in order to continue
27 efficiently increasing the CARE penetration in its hard-to-reach customer segments, SoCalGas
28 proposes to increase the third party outreach budget to one million dollars per program year.

29 **g. Community Outreach**

30 In 2007, SoCalGas modified its community outreach efforts, in order to improve its
31 CARE program cost-per-enrollment ratio in the SoCalGas service territory. By focusing on

1 various community-based outreach events that target ethnic groups, seniors, and disabled low-
2 income customers, the SoCalGas CARE program enrolled over 500 customers in 2007.
3 SoCalGas plans to continue to employ this approach in future program years, and enhance this
4 outreach effort by further leveraging opportunities with CBOs and related organizations that are
5 dedicated to serving SoCalGas' low-income customers. SoCalGas' approximate cost for the
6 community outreach cost category is \$52,000 per program year.

7 **h. Community Outreach Collateral Material**

8 SoCalGas anticipates that it will exhaust its stock of CARE customer assistance program
9 brochures by PY 2010. SoCalGas uses these brochures throughout its service territory as the
10 primary collateral piece used to promote low-income assistance programs at all public and
11 private outreach events. SoCalGas plans to replenish the stock and make changes to the
12 brochure design and copy. Planned revisions include: information on water conservation and
13 greenhouse gas reductions, as well as changes to better support visually and hearing-impaired
14 customers, and more information promoting new or enhanced program enrollment opportunities,
15 e.g. web, interactive voice messaging system, etc. SoCalGas approximates \$50,000 per program
16 year for this cost category.

17 **i. Internet Enrollment & Recertification**

18 Based on the favorable internet enrollment results received since the implementation of
19 the internet CARE application in December 2007 – approximately 13,000 applications were
20 received, and 60.8% or about 8,200 customers enrolled. SoCalGas plans on expanding its web-
21 based outreach strategy in the areas of CARE enrollment, recertification, and customer
22 notification.

23 SoCalGas' web-based outreach plan will have the following emphasis: creating a
24 customer friendly website and enrollment /recertification portal, determining which customer
25 segments are receptive to web-based communication and interaction, developing a CARE
26 eligible customer e-mail distribution database, and designing e-mail campaigns and
27 implementation strategies. Funding for these efforts is included in the Information Technology
28 and Programming cost category.

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1 **j. Special Markets**

2 SoCalGas is committed to serving its special needs customers and ensuring that its
3 programs and service offerings are accessible to them.¹⁹ For example, SoCalGas has program
4 brochures and applications available in multiple languages and large font. SoCalGas has also
5 designed a brochure, *Services for Customers with Disabilities, for customers with* special needs
6 customers in mind. The brochure describes all SoCalGas assistance programs and service
7 offerings such as: CARE, Low-Income Energy Efficiency (“LIEE”), Medical Baseline,
8 LIHEAP, Gas Assistance Fund (“GAF”), free appliance checks, and Braille marking for oven
9 knobs to name a few. It is printed in 16 point Arial font, as suggested by The Braille Institute,
10 and is available in English, Spanish, and Braille.

11 In addition, SoCalGas provides TTY/TTD telephone service 24 hours a day, seven days a
12 week for hearing impaired customers. SoCalGas notes the accounts of hearing and vision
13 impaired customers as well as accounts identified as having a senior citizen in the household.
14 These account notations enable SoCalGas to generate a list for direct mailing, and outbound
15 dialing campaigns. SoCalGas uses these strategies to notify special needs customers when GAF
16 are available and when vision impaired customers request notification that it is time for them to
17 recertify for the medical baseline allowance.

18 SoCalGas website is designed to ensure that visually impaired customers have full access
19 to information on SoCalGas’ website. The website, which conforms to the Web Content
20 Accessibility Guidelines of the World Wide Web Consortium, is compatible with assistive
21 technology such as screen readers, and the webpages contain text alternative tags for webpage
22 descriptions. In addition, rather than simply bolding section headings, SoCalGas is exploring
23 ways in which to make its website easier for visually impaired customers to navigate.

24 SoCalGas’ outreach activities for CARE and special needs customers will be expanded in
25 PY 2009 - 2011, and future efforts will include direct mailings to Senior Centers in SoCalGas’
26 service territory.,. In addition, SoCalGas will advertise CARE and Medical Baseline²⁰ in local
27 newspapers and medical publications, and participate in local events focusing on persons with
28 disabilities. .

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¹⁹ Examples of “special markets” customers include: 1) non-English speakers, 2) senior shut-ins 3) the disabled, and 4) sub-metered tenants.

²⁰ The Medical Baseline program is not funded with CARE funds.

1 **k. Data Exchange**

2 SoCalGas’ CARE program Data Exchange Agreements (“Agreements”) continue to be
3 an excellent low-cost source for program enrollments, and SoCalGas will explore opportunities
4 to expand this strategy. Currently, SoCalGas has Agreements with SCE, PG&E, SDG&E, and
5 LIHEAP, which produced over 65,000 no-cost enrollments in 2007. SoCalGas plans to partner
6 with additional entities for data exchange, such as the municipal utilities located within
7 SoCalGas service areas that have compatible programs and guidelines. SoCalGas management
8 met with Pasadena Water and Power (“PWP”), Imperial Irrigation District (“IID”) and the Los
9 Angeles Department of Water and Power (“LADWP”) in 2007 to discuss data exchange
10 opportunities, and is currently working with LADWP and IID on such an agreement. Funding for
11 those efforts is included in the Information Technology and Programming cost category.

12 **l. Local Government Partnerships**

13 Currently, SoCalGas works directly and indirectly with several local government entities,
14 including County-based non-profit Community Action Partnerships and city organizations.
15 While working with these and other local government partnerships, SoCalGas plans to integrate
16 CARE program promotions with the general residential Energy Efficiency (“EE”) program
17 promotions. SoCalGas plans to continue developing additional relationships with local
18 government organizations to increase customer awareness and enrollment in the CARE, LIEE,
19 and general EE programs.

20 SoCalGas plans to educate staffs of its local government partners about CARE, LIEE,
21 and general EE programs to enable them to determine the program(s) that best fits the needs of
22 their clients and constituents.

23 **m. School Districts**

24 Throughout PY 2009 - 2011, SoCalGas plans to work with school districts in its service
25 territory to help build customer awareness about the CARE, LIEE, and general programs and
26 other assistance programs, and to provide energy education to younger school children (4th and
27 5th grade range). By educating these students on the benefits of energy conservation and
28 environmental preservation, they can, in turn, share that information with their parents and other
29 family members. Along with the knowledge the children will receive, they will also be given
30 collateral materials such as a CARE application, brochures and other helpful tools to take home
31 and share with their families. SoCalGas believes that educating the representatives of our future

1 will not only help the children’s parents apply for assistance programs, but will also help these
2 families begin practicing conservation and environmental preservation; activities that their
3 children can continue to practice in the future. These efforts are planned with existing CARE
4 staff with no budget increase requested to implement

5 **n. Other Collaborative Efforts**

6 SoCalGas plans to continue developing relationships with a variety of organizations and
7 agencies that focus on special needs and/or lower-income customers, such as the United Long
8 Term Care Workers’ Union (“SEIU”) and the Centers for Independent Living (“CIL”). During
9 PY 2009 - 2011, SoCalGas will conduct training classes for staff members of these
10 organizations, i.e. train the trainer. Staff members will receive information on SoCalGas’ CARE
11 and other assistance programs, given applications and other collateral materials, and be educated
12 on all specifics of program enrollment requirements. Trained staff members will then circulate
13 throughout their organizations, educating and enrolling their eligible members in SoCalGas
14 programs, and will continue this practice to ensure all eligible, interested customers participate.

15 During PY 2009 - 2011, SoCalGas’ low-income program staff plans to work more
16 closely with other SoCalGas employees to leverage outreach opportunities, whenever cost
17 effective and feasible. These efforts are planned with existing CARE staff with no budget
18 increase requested to implement

19 **2. Section 8 and Subsidized Housing Programs**

20 Ordering Paragraph 4 of Commission D. 07-12-051 directed the IOUs to propose a
21 process to automatically qualify all tenants of public housing and Section 8 housing, and
22 improve information provided to public housing authorities. To comport with this Commission’s
23 directive, SoCalGas proposes to categorically enroll all tenants of public housing and Section 8
24 housing programs in the CARE program. Categorical enrollment of public housing and Section
25 8 customers in the CARE program is feasible, given the fact that these customers already receive
26 public assistance housing based on their low income, thus have met income requirements.

27 SoCalGas views categorical enrollment of public housing and Section 8 customers as an
28 interim step to automatic enrollment of these customers. SoCalGas will work with the local
29 housing agencies within its service territory to determine the feasibility of implementing a data
30 exchange process, whereby any new participant in public housing and Section 8 could be

1 automatically enrolled in CARE. The cost for these efforts is included in the IT/Programming
2 cost category.

3 **3. Outreach Plans**

4 **Automatic Enrollment of California Lifeline Participants**

5 The CARE and California Lifeline (“Lifeline”)²¹ rate assistance programs are both
6 designed to provide rate assistance to low-income households on their respective energy and
7 telephone services. Both programs also employ massive advertising and outreach to inform and
8 enroll qualified customers, and both utilize categorical eligibility to identify customers who may
9 qualify based on participation in other low-income programs.²²

10 Based on these shared commonalities, there is a potential opportunity for sharing
11 customer information between the Lifeline and CARE programs, which would enable SCG to
12 automatically enroll customers into the CARE program. However, there are differences between
13 the programs, such as the fact that the Lifeline program allows for more than one household²³
14 within a dwelling unit to enroll in its program, whereas the CARE program only permits one
15 household²⁴ to enroll in the program.

16 **VI. REVENUE REQUIREMENTS AND RATE IMPACTS**

17 **A. Subsidy and Benefit Costs**

18 Discussion of revenue requirements and rate impacts are contained in the Application
19 prepared in support of SoCalGas PY 2009 - 2011 program and budget request.

20 **B. Balancing Account**

21 SoCalGas maintains a CARE balancing account (“CAREA”) to balance the CARE
22 program expenses incurred against natural gas surcharge funds reimbursed from the State of
23 California. The natural gas surcharge was established pursuant to AB 1002 and implemented by
24 the utilities pursuant to the Natural Gas Surcharge D. 04-08-010. Pursuant to D.02-07-033,
25 SoCalGas is also authorized to record all costs related to automatic enrollment, which include the

²¹ Also known as the Universal Lifeline Telephone Service

²² Differences between the two programs include the fact that CARE income eligibility limits are based on 200% of FPG, and Lifeline’s is based on 150% of FPG. In addition, the Lifeline program allows for more than one household within a residence to enroll in the program, and CARE’s limit is one household.

²³ Under the Lifeline program, there can be more than one household within a residence because “a room or portion of a dwelling unit occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate residence” for the Lifeline program. General Order 153.

²⁴ Under the CARE program, because there is only one meter to a dwelling unit, there cannot be multiple households in the program.

1 CARE rate subsidy costs, utility administrative costs (including start-up and implementation),
2 and the Commission’s clearinghouse costs. SoCalGas maintains the CARE balancing account
3 by making entries of CARE administrative costs, CARE discounts, gas surcharges billed and
4 remittances to the State Board of Equalization at the end of each month.

5 SoCalGas does not propose any changes to the CARE balancing account.

6 **VII. REQUEST TO CONTINUE FUNDING AND ALLOW FOR FUND SHIFTING**

7 Fund shifting flexibility between program categories and program years is critical to the
8 achievement and success of the programmatic initiative and necessary to avoid disruption of
9 program services, and provide a seamless and transparent program to customers. As such,
10 SoCalGas requests authorization: 1) to carry forward or carry back funding into 2009, 2010, or
11 2011 during the three-year funding cycle, and 2) authority to shift funds among program
12 categories in 2009, 2010, and 2011.

13 Prior to 2007, the Commission allowed the utilities full flexibility to shift funds among
14 program categories as needed to achieve program objectives. However, in D.06-12-038, the
15 Commission restricted movement of funds among measurement and evaluation, general
16 administration, and the regulatory compliance categories. In its Application, SoCalGas has
17 proposed a modification and expansion of its program plans, enrollment efforts, and certification
18 process. Therefore, SoCalGas requests that the fund shifting restrictions adopted for the 2007 –
19 2008 program cycle be removed to allow SoCalGas flexibility to make program adjustments and
20 modifications expeditiously and eliminate potential delays.

21 If the Commission should be delayed in issuing a decision on SoCalGas’ PY 2009 - 2011
22 Application, SoCalGas requests interim authorization from the Commission to continue CARE
23 activities into 2009 using 2009 program funds. Accomplishments achieved during this interim
24 period will be counted toward 2009 program results.

25 **VIII. CONCLUSION**

26 For the foregoing reasons, I respectfully request that the Commission approve the CARE
27 program plans and budgets for PY 2009 - 2011, as described in this testimony and authorize the
28 following:

- 29 1. Approval of its PY 2009, PY 2010 and PY 2011 CARE forecasted administration
30 costs and program plans described in this testimony.

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2. Approval to continue existing CARE program into 2009, using PY 2009 funds should the Commission be delayed in issuing a decision in this proceeding before year-end 2008 and count program achievements toward 2009 accomplishments;
3. Approval of its proposed process to “automatically qualify” all Section 8 participants for participation in the CARE program and allowing them to enroll through categorical enrollment;
4. Authorization to continue to reallocate funding among cost categories;
5. Authorization to change the recertification period for sub metered facilities and non profit group living facilities and agricultural employee housing facilities from once a year to a two year recertification period; and
6. Authorization to continue four year recertification process using probability modeling.

1 **STATEMENT OF QUALIFICATIONS**
2 **CARMEN RUDSHAGEN**
3

4 My name is Carmen Rudshagen. My business address is 555 West 5th Street, Los
5 Angeles, CA. 90012. I am employed at the SoCalGas as the CARE and Assistance Program
6 Manager. My principal responsibilities are to manage SoCalGas' CARE program.

7 I joined SoCalGas in 1979 and have held numerous positions of increasing responsibility
8 in the following departments over the last 29 years: Customer Services Staff, Billing and
9 Collections Staff, Technical Staff Support, Policy Staff, Remittance Processing and Customer
10 Assistance.

11 I have been continuously involved with the CARE Program since 1992 and expanded
12 those responsibilities to include management of other customer assistance programs for
13 SoCalGas, including the Gas Assistance Fund, which is a customer-performance funded bill
14 assistance program, and the Low Income Home Energy Assistance program, which is federally-
15 funded bill assistance program administered by the Department of Community Services.

16 From 2001 through 2006, I was responsible for managing the CARE program at both
17 SDG&E and SoCalGas. In November 2006, my principal responsibilities changed to manage
18 CARE and Assistance programs for SoCalGas.

19 I have previously appeared before the Commission at Rapid Deployment Status
20 Conferences and have provided written testimony before the Commission in. A. 02-07-001 and
21 A.02-07-002 in the PY 2002 Low income Assistance proceeding for SoCalGas and SDG&E,
22 respectively and, A.04-07-011 and A.04-07-010 in the PY 2005 Low-income Assistance
23 proceeding for SDG&E and SoCalGas, respectively. Additionally, I have provided written
24 testimony in A.05-06-012, A.05-06-013, A.06-06-032, and A.06-06-033.